



Illinois Department of Commerce & Economic Opportunity

Difference Between Subrecipient and Contractor

Overview

Depending on the characteristics of the work being complete by a vendor, a determination will be made about whether the vendor is a subrecipient or a subcontractor. Subrecipients and Contractors have different requirements, which is outlined in this document. More information can be found by reviewing 2 CFR 200.331 – Subrecipient and contractor determinations - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR031321e29ac5bbd> .

Subrecipient Overview

Subrecipients receive a subaward when the grantee passes-through a portion of the award to another entity for the purpose of carrying out a portion of the award. All the terms and conditions that are part of the primary award must be included in the subaward document. Acceptance of these terms by an authorized signatory of the receiving entity is required. The entity receiving the funds is a subrecipient. Subawards are defined, issued, monitored, and executed (closed out) under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, generally referred to as "Uniform Guidance."

Details on the requirements for pass-through entities can be found in 2 CFR 200.332 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR031321e29ac5bbd> .

Contractor Overview

A procurement process is used when a grantee buys goods or services for the purpose of providing goods and services for the grantee's own use. In this instance, the activity is a procurement, and the entity receiving the funds is a contractor. Procurement activities are subject to the Procurement Standards in 2 CFR 200.317-327 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d> . A procurement is a subcontract after execution of the contract.

Consider the following guidance when preparing proposal budgets and determining whether an activity is a subaward or a procurement.

Additional Information

For help determining if the entity receiving funds has a contractor or subrecipient relationship, you may use this determination [checklist](#).